

Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-10 EUR-12 NEA-10
AGR-01 L-03 FRB-03 OMB-01 ITC-01 SP-02 ICA-11
AID-05 CIAE-00 COME-00 INR-10 IO-13 LAB-04
NSAE-00 OIC-02 SIL-01 OPIC-03 STR-07 TRSE-00
CEA-01 SS-15 /144 W

-----053039 021811Z /42

R 021710Z AUG 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 8744
INFO AMEMBASSY BRUSSELS
AMEMBASSY BRASILIA
AMEMBASSY OTTAWA
AMEMBASSY BOGOTA
AMEMBASSY COPENHAGEN
AMEMBASSY QUITO
AMEMBASSY PARIS
AMEMBASSY LIBREVILLE
AMEMBASSY BONN
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AMEMBASSY ROME
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AMEMBASSY TOKYO
AMEMBASSY MEXICO
AMEMBASSY THE HAGUE
AMEMBASSY LAGOS
AMEMBASSY PORT MORESBY
AMEMBASSY MADRID
AMEMBASSY BERN
AMEMBASSY LOME
AMEMBASSY PORT OF SPAIN
AMEMBASSY MOSCOW
AMEMBASSY YAOUNDE
AMEMBASSY CARACAS
AMEMBASSY KINSHASA
AMCONSUL SALVADOR
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USEEC

E.O. 11652: N/A

TAGS: ETRD, EAGR, ICCA

SUBJECT: COCOA -- MEETING OF THE INTERNATIONAL COCOA
AGREEMENT COUNCIL, JULY 24-28, 1978

REF: LONDON 9626 (NOTAL)

1. SUMMARY. AFTER A WEEK OF SESSIONS LARGELY DEVOTED TO SEPARATE CONSUMER AND PRODUCER MEETINGS DEALING WITH PROCEDURAL QUESTIONS, THE INTERNATIONAL COCOA AGREEMENT (ICCA) COUNCIL DECIDED, (1) TO RENEGOTIATE THE ICCA OF 1975; (2) TO REQUEST THE SECRETARY GENERAL OF THE UN TO CONVENE A NEGOTIATING CONFERENCE BETWEEN JANUARY 22 AND MARCH 2, 1979, PROVIDED THE COUNCIL DETERMINES AT ITS SIXTH SPECIAL SESSION ON DECEMBER 14-15, 1978 THAT THE WORK ON THE DRAFT OF A NEW ICCA HAS REACHED A SATISFACTORY STAGE; AND (3) TO AUTHORIZE THE EXECUTIVE DIRECTOR TO ENQUIRE OF UNCTAD WHETHER ALTERNATIVE DATES MAY BE AVAILABLE IN THE FIRST HALF OF 1979. THE COUNCIL ALSO SET UP A PREPARATORY COMMITTEE (PREPCOM) TO CONSIDER NEW APPROACHES TO A PRICE STABILIZATION MECHANISM WHICH ARE SIMPLER AND MORE FLEXIBLE THAN IN THE 1972 AND 1975 ICCAS. OBSERVERS (READ U.S.) WILL BE INVITED TO PARTICIPATE IN THE PREPCOM. THE PREPCOM IS TO MEET OCTOBER 10-20 AND DECEMBER 4-14, WITH THE POSSIBILITY OF A FURTHER MEETING IF THE COCOA COUNCIL DECIDES ON DECEMBER 14-15 LIMITED OFFICIAL USE

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THAT PREPARATIONS FOR A DRAFT ICCA ARE NOT FAR ENOUGH ALONG. END SUMMARY.

2. ALTHOUGH IT APPEARED THAT THE COCOA COUNCIL WOULD EASILY AGREE TO A RENEGOTIATION OF THE ICCA OF 1975, THE JULY COUNCIL SESSION SAW THE FRG AND BELGIUM DRAG THEIR HEELS AT COUNCIL SESSIONS AND IN THE CONSUMER CAUCUS. THEY BASED THEIR OBJECTIONS ON THE ARGUMENT THAT A COUNCIL DECISION NOW TO BEGIN NEGOTIATIONS IN GENEVA ON JANUARY 22, 1979 WOULD FORCE IMPORTERS TO GO TO A NEGOTIATION EVEN IF PREPARATIONS HAD NOT GONE FAR ENOUGH TO MAKE A GENEVA MEETING WORTHWHILE. COMMENT: THE FRG WAS ALSO MOTIVATED BY A DESIRE TO AVOID THE POLITICAL PRESSURES GENERATED BY UNCTAD V WHICH IT FELT MIGHT LEAD TO A NEW ICCA BEING FORCED ON IMPORTERS WHICH WAS NOT AN IMPROVEMENT OVER THE 1975 ICCA. MOST NEGOTIATING WITH PRODUCERS WAS DONE BY FRG DEL LACHE, WHO IS ALSO CONSUMER SPOKESMAN. THE FINAL COMPROMISE CONDITIONING THE NEGOTIATIONS ON A COUNCIL DETERMINATION IN DECEMBER IS A FRG CREATION. END COMMENT.

3. THE U.S. CONCEPT FOR A SIMPLIFIED ICCA BASED ON A

BUFFER STOCK (SEE REFTTEL) HAS BEEN GENERALLY ACCEPTED AS THE STARTING POINT FOR NEGOTIATIONS. OPEN EXCEPTION TO THE BUFFER STOCK CONCEPT HAS YET TO BE VOICED. SWITZERLAND CIRCULATED A DRAFT OUTLINE FOR A NEW ICCA BASED ON A BUFFER STOCK BUT DIFFERING SOMEWHAT FROM THE U.S. PROPOSAL (COPY SENT EB/ICD/TRP). INITIAL IMPORTER REACTIONS TO THE SWISS DRAFT WERE SOMEWHAT DUBIOUS. AT THIS STAGE THERE APPEARS TO BE A SUBSTANTIAL DEGREE OF CONSUMER UNITY AROUND THE U.S. CONCEPT OF A SIMPLIFIED ICCA, AND A DESIRE TO KEEP THE U.S. INVOLVED IN THE PROCESS, AT THE OCTOBER AND DECEMBER PREPCOMS. OTHER PROPOSALS WERE INVITED FOR SUBMISSION BEFORE SEPTEMBER 15, 1978.

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4. CONSUMERS, LED BY THE FRG, BELGIUM AND THE U.K., WERE INSISTENT THE INTERNATIONAL COCOA ORGANIZATION (ICCO) SECRETARIAT UNDERTAKE AN ANALYSIS OF THE CURRENT

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WORLD COCOA ECONOMY WITH PROJECTIONS OF LIKELY DEVELOP-
MENTS UP TO 1985 TO ASSIST THE WORK OF THE PREPCOM.
THIS STUDY IS TO BE COMPLETED BEFORE THE OCTOBER PREPCOM.
CONSUMERS EXPECT IT TO REINFORCE THE VIEW ON THE SHORTAGE FOLLOWED BY A
PRODUCTION RESPONSE, RE-CONFIRMING

THE NEED FOR A SIMPLE BUFFER STOCK AGREEMENT.

5. THE MEETING SCHEDULE IS AS FOLLOWS:

1978

3 - 5 OCTOBER ADVISORY GROUP ON THE WORLD COCOA
ECONOMY (HAMBURG)

9 OCTOBER (A.M.) STATISTICS COMMITTEE
(P.M.) EXECUTIVE COMMITTEE

10 - 20 OCTOBER PREPARATORY COMMITTEE

4 - 13 DECEMBER PREPARATORY COMMITTEE

14 - 15 DECEMBER COUNCIL (FIFTH SPECIAL SESSION)

15 DECEMBER FINANCE COMMITTEE

1979

22 JANUARY - DATES SET ASIDE BY UNCTAD FOR A UN

2 MARCH COCOA CONFERENCE IN GENEVA. IT IS

ANTICIPATED THAT THE COUNCIL,
EXECUTIVE COMMITTEE AND SUBSIDIARY
BODIES WOULD MEET IN GENEVA DURING
THIS PERIOD.

7 - 11 MAY ADVISORY GROUP ON THE WORLD COCOA
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ECONOMY

4 - 8 JUNE EXECUTIVE COMMITTEE

16 - 27 JULY COUNCIL

BREWSTER

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